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VIA ELECTRONIC SUBMISSION

Regulations Division
Office of General Counsel
U.S. Department of Housing and Urban Development
451 Seventh Street SW
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Washington, DC 20410

IN RE: Real Estate Settlement Procedures Act (RESPA): Proposed Rule to Simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs
Docket No. FR-5180-P-01 / 73 Fed. Reg. 14030 (Mar. 14, 2008)

Ladies & Gentlemen:

The undersigned is a practicing Minnesota real estate attorney providing legal counsel, title insurance and closing services to my clients engaged in selling, buying and mortgaging real property in this state. I am concerned that the Department's proposed rule will not achieve its objectives of simplifying, improving and reducing consumer settlement costs in obtaining mortgages and, indeed, may create problems that undermine those objectives. The proposed Good Faith Estimate ("GFE") is long and complicated and does not allow for an easy comparison to the HUD-1 Settlement Statement ("HUD-1"). The imposition of tolerances and volume discounts creates an anti-competitive environment that could disadvantage small businesses and give consumers fewer choices of settlement service providers from which to choose, and the imposition of the closing script burdens and liabilities on the closing agent could result in increased costs for both sellers and borrowers. RESPA reform cannot be resolved in one sweeping change without considering and appreciating the many moving parts of a residential real estate transaction.

Ensuring that consumers understand the terms of the loans they are getting and whether the settlement costs they are paying are consistent with the estimates that have been given to them by their mortgage lender can and should **only** be placed on the shoulders of the mortgage lender. It is unclear what, if anything, the buyer/borrower or the settlement agent can do at closing if there are significant discrepancies in the terms of the loan or estimated settlement costs provided by the lender to the consumer at loan application. The information in the closing script comes too late in the process and from the wrong party to provide any benefit to consumers. It will only provide confusion.

The proposed closing script also could significantly increase the amount of time required for closing, which is almost certain to result in higher closing fees. Not all real estate settlements are conducted face-to-face with the borrower, which makes it impossible to read aloud the closing script in such "escrow" or "mail-away" closings. Lenders have no obligation to provide the information needed to complete the closing script sufficiently in advance of the time the closing agent needs it to prepare the script. The mortgage lender is in the best position to either prepare the closing script or provide an alternative document to borrowers at some earlier point in time to achieve HUD's objectives.

Use of the word "optional" on the GFE and the HUD-1 to identify owner's title insurance is misleading to consumers. The proposed disclosure of the title agent's and title underwriter's portion of the title premium also serves no useful purpose on the HUD-1 and does not aid consumers in their understanding of title insurance fees.

Government recording fees should be removed from the proposed zero tolerance category. Such fees are rarely known to mortgage lenders or closing agents at the GFE stage, and there are a number of reasons why these fees may change before or after closing. The proposed rule is not clear whether title agents may use average cost pricing, which could be a benefit to consumers and agents.

Volume discounts are anti-competitive and will disproportionately harm small businesses. Small independent title agencies do not have the resources to guarantee a stream of business to local title-related service providers or discount their own prices to compete with large national title providers. While such discounts may result in lower prices for the consumer in the short term, once the small businesses have been pushed out of the competitive marketplace, large providers are left to compete only among themselves. Under these circumstances, consumers will have fewer choices for title and closing related services, and prices will inevitably increase.

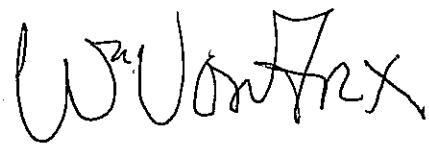
Because of the 10% tolerances on fees charged by third parties recommended by originators, they will want business arrangements in place that have set prices for services that are not in excess of the tolerances, and in fact will be highly motivated to find low third-party prices. The Regulatory Impact Analysis actually explains to originators that they could raise their origination fees by the savings in third-party fees negotiated by them and earn more profit per loan. It further states the borrower could immediately decide to use the originator's third parties (because of the lower, locked-in amounts), in which case his or her search for a settlement services provider is over. In such a scenario, the originator makes more money, the borrower breaks even (although he had a momentary cost savings), and it's only the third

party settlement services/title insurance agent who suffers a net loss in the transaction. Clearly, the proposed rule amendments should not have the effect of providing an economic and transactional direction advantage to the originator at the expense of the third-party provider and the consumer.

In view of these inherent conflicts with HUD's stated objectives for the new regulations, the Department should reconsider the effects on both consumers and title agents. HUD should limit its efforts to simplifying the GFE and HUD 1 so that easy comparisons could be made.

Thanking you for your consideration and attention to this matter, we remain,

Very respectfully yours,



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